

# City of Detroit

## CITY COUNCIL

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**TO:** The Honorable Detroit City Council

**FROM:** David Whitaker *DW*  
Nkrumah Johnson-Wynn *NJW*  
Sherée Edwards *SE*

**WITH CONCURRENCE FROM:**

John E. Johnson  
Robert Walter  
Lorray Brown  
Marilyn Mullane

**DATE:** March 31, 2006

**RE: STATUS REPORT REGARDING THE PROPOSED  
WATER AFFORDABILITY PROGRAM**

Pursuant to this Honorable Body's request, lawyers from the Law Department and the Research and Analysis Division (RAD) met with lawyers from Michigan Legal Services and the Michigan Poverty Law Program on March 13<sup>th</sup> and March 28<sup>th</sup> 2006. Present were John Johnson and Robert (Bob) Walter of the Law Department, Nkrumah Johnson-Wynn and Sherée Edwards of RAD, Marilyn Mullane of Michigan Legal Services, and Lorray Brown of the Michigan Poverty Law Program. Roger Colton, author of the water affordability proposal, participated by telephone.

During the March 13<sup>th</sup> meeting, we reviewed a preliminary analysis prepared by Bart Foster, the rate consultant for DWSD. At the conclusion of the meeting, Roger Colton agreed to submit revised calculations regarding the cost of the proposed water affordability program.

Roger Colton and Bart Foster met via telephone on the afternoon of March 30<sup>th</sup>. The lawyers did not participate in their discussion. Therefore, RAD cannot comment regarding the substance of that conversation.

RAD is aware that progress was made with regard to sources of revenue other than rates that are available to fund this program. Specifically, DWSD believes that late fee revenue, investment earnings on working capital, and other miscellaneous revenue could be applied to fund a low-income water affordability program. Mr. Colton has identified credit and collection savings and bad debt savings that (in addition to DSWD's late fee revenue and working capital savings) could also be used to fund a low-income water affordability program. Since these revenue sources are not from the rates paid by DWSD's customers, some of the Law Department's legal concerns are no longer an issue.

In addition to the water affordability proposal, the lawyers discussed the state utility bill assistance program for welfare recipients and how DWSD could coordinate its collection efforts to tap into this revenue source. It is our understanding that Marilyn Mullane has e-mailed the program details to Bob Walter who will ascertain whether DWSD is taking full advantage of this program.

The lawyers also discussed DWSD's collection rules (in particular Rule 16) and its internal guidelines that currently require low-income customers who face service termination (shut off) to pay a 30% deposit before entering into a payment plan.

The next meeting will be held on Tuesday, April 4, 2006 at 1:00 p.m.